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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS —
PROPOSED GRANT OF OPTIONS BY AND DEEMED DISPOSAL OF
A WHOLLY-OWNED SUBSIDIARY**

On 6 January 2014, Chongqing Jiexing, the Subsidiary and the Grantees entered into a conditional Options Agreement pursuant to which Chongqing Jiexing and the Subsidiary conditionally agreed to grant Options to the Grantees to subscribe up to 20% of the Enlarged Registered Capital of the Subsidiary at the Exercise Price of RMB1.2 for every RMB1.0 in the Enlarged Registered Capital of the Subsidiary within the Exercise Period. Assuming that all of the Grantees exercise the Options in full, the Grantees will, in aggregate, own 20% of the Enlarged Registered Capital of the Subsidiary and the Group's interests in the Subsidiary will be diluted from 100% to 80%.

Mr. Shen, being a director and general manager of the Subsidiary, is a connected person of the Company. Accordingly, the entering into of the Options Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios is above 5% but less than 25% and the total consideration to be paid by the Grantees when exercising the Options is above HK\$10,000,000, the transactions contemplated under the Options Agreement constitute (i) a discloseable transaction for the Company which is subject to notification and announcement requirements under Chapter 14 of the Listing Rules and (ii) a connected transaction for the Company which is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

The SGM will be convened and held by the Company, at which resolution(s) will be proposed to independent Shareholders to consider, and if thought fit, approve the Options Agreement and the transactions contemplated thereunder (including the grant of Options).

A circular of the Company containing (i) the details of the Options Agreement, and (ii) recommendations from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before 24 January 2014.

THE OPTIONS AGREEMENT

Date

6 January 2014

Parties

- (1) Chongqing Jiexing;
- (2) Subsidiary;
- (3) Mr. Shen (who is a director and the general manager of the Subsidiary);
- (4) Mr. Li (who is the executive vice general manager of the Subsidiary);
- (5) Mr. Xue (who is a vice general manager of the Subsidiary); and
- (6) Ms. Ge (who is a vice general manager of the Subsidiary).

Nature of the transaction

Pursuant to the Options Agreement, Chongqing Jiexing and the Subsidiary conditionally agreed to grant to the Grantees the Options which may be exercised by the Grantees at the Exercise Price of RMB1.2 for every RMB1.0 in the Enlarged Registered Capital subject to the terms and conditions of the Options Agreement for the subscription of the Enlarged Registered Capital in the following manner:

Name of Grantee	Aggregate Exercise Price (RMB)	Amount of Enlarged Registered Capital (RMB)	Percentage of the Enlarged Registered Capital (%)
Mr. Shen	24,000,000	20,000,000	10.0
Mr. Li	11,520,000	9,600,000	4.8
Mr. Xue	7,680,000	6,400,000	3.2
Ms. Ge	<u>4,800,000</u>	<u>4,000,000</u>	<u>2.0</u>
Total:	<u><u>48,000,000</u></u>	<u><u>40,000,000</u></u>	<u><u>20.0</u></u>

Exercise Price

The Exercise Price shall be paid by the Grantees in cash to the Subsidiary if and when the Options are exercised.

The Exercise Price was arrived at after arm's length negotiation between Chongqing Jiexing, the Subsidiary, and the Grantees, with reference to the existing paid-up registered capital of the Subsidiary with a 20% premium.

Conditions precedent to the grant of Options

The grant of the Options under the Options Agreement shall be conditional upon and subject to the fulfilment and satisfaction of the following Grant Conditions:

- (i) the passing by the independent Shareholders at the SGM approving the terms of the Options Agreement and the transactions contemplated thereunder, including but not limited to the grant of Options; and
- (ii) all necessary consents, approvals and permits required to be obtained by the parties to the Options Agreement (if any) in respect of the Options Agreement and the transactions contemplated thereunder, having been obtained.

None of the Grant Conditions is capable of being waived. If the Grant Conditions shall not have been fulfilled and satisfied in full on or before 31 March 2014 (or such later date as agreed by the parties to the Options Agreement), the Options Agreement shall be terminated and none of the parties shall claim any damages from the other parties to the Options Agreement.

The Options will be granted and vested on the day when the last outstanding Grant Conditions shall have been fulfilled and satisfied.

Condition precedent to the exercise of Options

The exercise of the Options shall be conditional upon and subject to the fulfilment and satisfaction of the Exercise Condition that each of the Grantees shall have been under full time employment of the Subsidiary for at least 2 years on the Exercise Date and the remaining terms of employment under each of their respective employment contracts with the Subsidiary shall not be less than 36 months from Exercise Date.

Terms of exercise of Options

The Options shall only be exercised once within the Exercise Period and each of the Grantees entitled to exercise his/her relevant Option shall exercise and pay for his/her relevant aggregate Exercise Price for his/her relevant Option concurrently.

A Grantee shall not be entitled to exercise any of his/her Option if any of the events below occurs prior to or at the time of the exercise of his/her relevant Option:

- (1) there is no continuous full time employment relationship between the Grantee and the Subsidiary;
- (2) the Grantee, in performance of the duties as an employee of the Subsidiary, contravenes any of the provisions of the PRC Companies Law or the articles of association of the Subsidiary or conducts any acts to the significant detriment of the Subsidiary;
- (3) the Grantee through his/her obvious misconduct, in performance of the duties as an employee of the Subsidiary, causes significant loss to the Subsidiary;
- (4) the Subsidiary, in its absolute discretion, considers the Grantee to be directly responsible for any of its financial losses or deterioration of businesses;
- (5) the Grantee is liable for any criminal offence; or
- (6) the Grantee is in breach of any laws, the articles of association or any regulations of the Subsidiary or his/her relevant employment contract with the Subsidiary.

Where any of the Options has not been exercised within the Exercise Period, such Options shall lapse automatically upon expiration of the Exercise Period without any obligation on either Chongqing Jiexing or the Subsidiary to pay any compensation to any of the Grantees.

Covenants

Each of the Grantees covenants not to transfer any of their respective Option Interests of the Subsidiary within 2 years of the exercise of the Options, and thereafter, Chongqing Jiexing shall have the pre-emptive rights for any such sale or transfer of the Option Interests.

When a third party purchaser offers to purchase the entire equity interest of the Subsidiary and Chongqing Jiexing agrees to sell its entire interests in the Subsidiary to such purchaser, the Grantees shall agree to sell their entire interests in the Subsidiary to such third party purchaser at the same price at which Chongqing Jiexing sells its entire interests in the Subsidiary.

When the purchase offer of a third party purchaser relates only to part of the equity interests in the Subsidiary, Chongqing Jiexing may choose to sell its interests in the Subsidiary alone or request the Grantees to sell their interests in the Subsidiary to such third party purchaser together with it in proportion to their respective holding in the Subsidiary at the same price at which Chongqing Jiexing sells its equity interests in the Subsidiary.

Chongqing Jiexing and the Subsidiary covenant that, where there shall be any increase in the registered capital of the Subsidiary in the future, each of the Grantees shall have the rights to contribute to the increased registered capital of the Subsidiary to the extent that their respective interests in the Subsidiary remains the same before and after such increase.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Directors consider that the grant of Options to enable the Grantees to subscribe for the equity interest in the Subsidiary will motivate them to contribute to the success and long term development of the Subsidiary. It is also beneficial to the Subsidiary and the Group as a whole as the interest of the senior management of the Subsidiary will be aligned with that of the Group by subscribing for an interest in the Subsidiary themselves. In addition, the capital base of the Subsidiary will be enlarged and the Grantees (which are management staff of the Subsidiary) will be more committed to the furtherance of the development of the Subsidiary's business.

The Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Options Agreement and the transactions contemplated thereunder (including Exercise Price), which are arrived at after arm's length negotiation with the Grantees, are fair and reasonable, on normal commercial terms, and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE SUBSIDIARY

The Subsidiary is a limited liability company incorporated in the PRC and is principally engaged in the provision of payment processing solutions. As at the date of the Options Agreement, the registered capital of the Subsidiary is RMB160 million. Set out below are certain unaudited financial results of the Subsidiary as extracted from the audited consolidated financial statements of the Company for the two years ended 31 December 2011 and 2012 and the unaudited consolidated financial statements of the Company for the six months ended 30 June 2013 prepared in accordance with Hong Kong Generally Accepted Accounting Principles (HKGAAP):

	For the year ended 31 December 2012 <i>HK\$'000</i>	For the year ended 31 December 2011 <i>HK\$'000</i>
Loss before income tax	88,573	21,225
Loss after income tax	88,573	21,225

The unaudited book value of the total assets and net assets of the Subsidiary were approximately HK\$1,050,965,000 and HK\$65,375,000 respectively, as at 30 June 2013.

DEEMED DISPOSAL OF THE SUBSIDIARY

Assuming that all of the Grantees exercise the Options in full, the Grantee will, in aggregate, own 20% of the Enlarged Registered Capital of the Subsidiary and the Group's interests in the Subsidiary will be diluted from 100% to 80% but the Subsidiary will continue to be a subsidiary of the Group.

When all of the Grantees exercise the Option in full, the Group will be deemed to dispose of 20% interest in the Subsidiary and the gross proceeds from the deemed disposal will be RMB48,000,000 (approximately HK\$60,960,000) which is intended to be applied as general working capital of the Subsidiary. In addition, the deemed disposal will be accounted for as equity transactions and will not lead to any gain or loss to the Group.

Nevertheless, Shareholders should note that the exact financial effect of the grant and vesting of the Options and the deemed disposal to the Group is subject to the review and approval of the auditors of the Company.

IMPLICATION UNDER THE LISTING RULES

Mr. Shen, being a director and the general manager of the Subsidiary, is a connected person of the Company. Accordingly, the entering into of the Options Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios is above 5% but less than 25% and the total consideration to be paid by the Grantees when exercising the Options is above HK\$10,000,000, the transactions contemplated under the Options Agreement constitute (i) a discloseable transaction for the Company which is subject to notification and announcement requirements under Chapter 14 of the Listing Rules and (ii) a connected transaction for the Company which is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of telecommunication solutions, provision of financial solutions, provision of payment platform operation solutions, provision of payment processing solutions and sales of electronic power meters and solutions.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise and provide recommendation to the independent Shareholders in respect of the Options Agreement and the connected transactions contemplated thereunder (including the grant of Options).

Proton Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the Options Agreement and the transactions contemplated thereunder (including the grant of Options).

The SGM will be convened and held by the Company, at which resolution(s) will be proposed to independent Shareholders to consider, and if thought fit, approve the Options Agreement and the transactions contemplated thereunder (including the grant of Options).

A circular of the Company containing (i) the details of the Options Agreement, and (ii) recommendations from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before 24 January 2014.

DEFINITIONS

“Board”	the board of Directors
“Chongqing Jiexing”	重慶結行移動商務有限公司, a limited liability company incorporated in the PRC and is accounted for as a wholly-owned subsidiary of the Company
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Conditions”	collectively, the Grant Conditions and the Exercise Conditions
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Date of Grant”	the date on which all of the Grant Conditions have been fulfilled and satisfied
“Director(s)”	The director(s) of the Company
“Enlarged Registered Capital”	the maximum registered capital of the Subsidiary to be increased pursuant to the exercise of the Options by the Grantees, which shall be RMB200 million
“Exercise Condition”	the condition precedent to the exercise of Options
“Exercise Date”	the date on which the Grantees exercise the Options
“Exercise Period”	within 6 months from the Date of Grant
“Exercise Price”	RMB1.2 for every RMB1.0 of the Enlarged Registered Capital
“Grant Conditions”	the conditions precedent to the grant of Options
“Grantees”	Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge together, each a “Grantee”

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger, established to advise the independent Shareholders
“Independent Financial Adviser”	Proton Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Options Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xue”	Mr. Xue Guangyu, a vice general manager of the Subsidiary
“Mr. Li”	Mr. Li Huimin, the executive vice general manager of the Subsidiary
“Mr. Shen”	Mr. Shen Zheng, a director and the general manager of the Subsidiary
“Ms. Ge”	Ms. Ge Xiaoxia, a vice general manager of the Subsidiary
“Option(s)”	the option to be granted to each of Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge for the subscription of up to 10%, 4.8%, 3.2% and 2% of the Enlarged Registered Capital respectively, together referred to as Options
“Options Agreement”	the agreement entered into between Chongqing Jiexing, the Subsidiary and the Grantees on 6 January 2014 pursuant to which Chongqing Jiexing and the Subsidiary conditionally agreed to grant Options to the Grantees to subscribe, in aggregate, up to the Option Interests
“Option Interests”	the equity interest of the Subsidiary to be held by each of Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge pursuant to the exercise of the Options and together amount to a maximum of 20% of the Enlarged Registered Capital
“PRC”	the People’s Republic of China

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Options Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	隨行付支付有限公司, a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Chongqing Jiexing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Li Wenjin
Executive Director

Hong Kong, 6 January 2014

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00 to HK\$1.2700. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As at the date of this announcement, the Board comprises five executive Directors namely Mr. Cheung Yuk Fung, Mr. Kui Man Chun, Mr. Xu Wensheng, Mr. Li Wenjin and Mr. Xu Chang Jun; one non-executive Director, namely Mr. Chang Kai-Tzung, Richard and three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger.